

Research Report

HOW CHARTER SCHOOL FUNDING COMPARES

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Florida TaxWatch Center for
Educational Performance
and Accountability



How Charter School Funding Compares

A Florida TaxWatch *Research Report*

Abstract

Florida's public charter schools have become a valuable, growing choice for Floridians seeking an alternative to traditional public school for their children. The state now contains 517 charter schools serving nearly 180,000 students. In fact, 1 out of every 15 Florida public school students attends a charter school.

However, because the charter school model is both a relatively new entrant to the state's public education system and a rapidly expanding educational delivery option, there is much discussion—and confusion—concerning the differences in funding between charter schools and traditional district schools. Because of a variety of factors, questions of equal distribution of funding from federal, state, and local sources have emerged.

This Florida TaxWatch *Research Report* provides a brief background on the history, growth, and use of charter schools within the state, and explains how Florida's public schools – both traditional and charter schools – are funded. The analysis demonstrates the differences in funding, and highlights current inequities present between charter and district school funding, and examines how charter schools are funded in a select few other states. From this, a number of possible policy choices to make funding for charter schools more equitable with traditional schools are presented.

Key Takeaways

- The state now contains 517 charter schools serving nearly 180,000 students. 1 out of every 15 Florida public school students attends a charter school.
- The absence of equitable local funding for both operational and capital purposes creates a significant financial disadvantage for Florida charter schools. Charter schools may receive just 68 to 71 percent of what districts receive per FTE.
- Allowing charter schools to be their own LEAs would remove their dependency on their local district for federal and state funds. Charter schools are an independent district in more than half (24 of 42, and Washington, D.C.) of the states that have charter schools. Absent that, federal funds that are distributed should be allocated and distributed, charter contract language allowing, in a consistent manner across the state.
- Mandating that charter schools receive equitable per student funding from all local millage levies would guarantee that charter school students receive the same amount of local taxpayer dollars.
- Adjusting FEFP funding, offsetting for lost locally-derived optional operational funding and capital outlay dollars, would provide funding parity for operations without requiring local districts to share funds directly.

EXECUTIVE SUMMARY

Florida's public charter schools have become a valuable, growing choice for Floridians seeking an alternative to traditional public school for their children. The state now contains 517 charter schools serving nearly 180,000 students. In fact, 1 out of every 15 Florida public school students attends a charter school. Many parents and students – as well as education experts, state and local policymakers, and others – have been largely in favor of charter schools since 1996, when the Florida Legislature authorized them, and state policies have generally been supportive of the option.

However, because the charter school model is both a relatively new entrant to the state's public education system and a rapidly expanding educational delivery option, there is much discussion, and confusion, concerning the differences in funding between charter schools and traditional district schools. Because of a variety of factors, largely stemming from the relational dependency of charter schools on their local authorizing agency, commonly the local school board, questions of equal distribution of funding from federal, state, and local sources have emerged.

Charter schools receive the bulk of their state operational funding from the Florida Education Finance Program (FEFP), which uses a formula to determine the level of funding on a full time equivalent (FTE) student basis. The formula weights a number of criteria to determine the allocation of funds. Optional operational funds may also be allocated to charter schools from local taxes by the district school board, though this is at the discretion of the district school board. State categorical program funds, used to promote special initiatives and programs like Class Size, may also be allocated to charter schools.

Though charter schools were not initially eligible to receive funding for capital outlay projects, a subset fund of the Public Capital Outlay and Debt Service Program (PECO) was created to fund capital outlays for charter schools. Not all charter schools are eligible for this capital outlay funding from the state, as many do not meet qualification requirements or are housed in a public facility owned by the district, rather than the charter school itself. The majority of capital funding for traditional district schools comes from local property taxes, which charter schools do not typically receive. The charter schools that do receive capital outlay funding receive approximately 41 percent of what the traditional districts receive on a per student basis. If distributed among all charter schools, this number drops to about 31 percent.

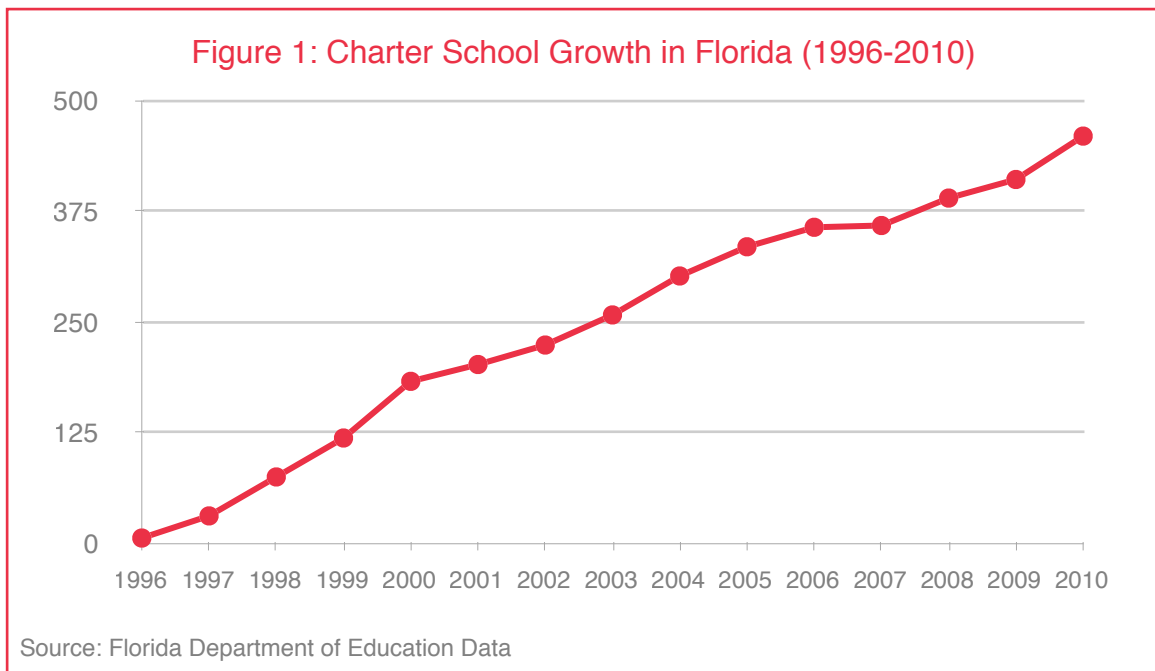
The majority of districts, with a few exceptions, do not fully share local funds derived from local property and sales taxation with charter schools. This additional funding, up to several thousand dollars per student, leaves charter schools significantly behind in funding. An analysis of select district and charter school government-funded revenues and shows that charter schools may receive, in total, as little as 68 to 71 percent of what traditional district schools do on a per FTE basis.

PURPOSE

This Florida TaxWatch *Research Report* provides a brief background on the history, growth, and use of charter schools within the state, and explains how Florida's public schools – both traditional and charter schools – are funded. The analysis demonstrates the differences in funding, and highlights current inequities present between charter and district school funding, and examines how charter schools are funded in a select few other states. From this, a number of possible policy choices to make funding for charter schools more equitable with traditional schools are presented.

SECTION 1: BACKGROUND OF CHARTER SCHOOLS

Originally a concept developed by a Massachusetts professor in the late 1980s, charter schools have proliferated immensely since first being legislatively authorized in Minnesota in 1991. Florida first allowed charter schools in 1996.¹ The state now has 517 schools with an enrollment of 179,930 students.² Currently, 6.72 percent of Florida public school students attend a charter school. Of the 67 school districts throughout the state, 44 sponsor a charter school.



Charter schools operate as mostly autonomous public schools, with more freedom in staffing and lesson planning, as well as the ability to focus on certain artistic or academic areas of study. Charter schools are authorized by a contract, known as a “charter,” between the school and the local school board or a state university. In Florida, charter schools are not generally recognized as their own Local Education Agency (LEA). Lacking the LEA status, these charter schools cannot receive state or federal funding directly, forcing them to rely on their district for funding.

Charter schools are tuition-free and open to all students residing within the traditional school district in which the charter school operates; the schools are also permitted to target district students within specific age groups or grade levels, students considered at-risk of dropping out or failing, students that meet a number of other factors, including siblings of current students, children of charter school employees or armed forces members, and students that meet certain academic or artistic standards.³ A bill passed by the Legislature in 2011 and signed by Governor Rick Scott, House Bill 7197, also allows for the establishment of online virtual charter schools.⁴

SECTION 2: TRADITIONAL FUNDING SOURCES AND METHODS

Funding for traditional district schools separates operational funding into three broad categories: Florida Education Finance Program, local funding, and certain state categorical funding.⁵ Additionally, capital outlay funding exists on both statewide and local levels.

Florida Education Finance Program

The Florida Education Finance Program (FEFP) was adopted by the Florida Legislature in 1973 to allocate funds to school districts for operational purposes, and provides a uniform system of free public education, a constitutional requirement.⁶ The purpose of the funding formula is to provide necessary educational service in an equitable manner, while still adjusting funding based on differences in local geography, demographics, and economic factors. To this end, the FEFP takes into account:⁷ the local property tax base, the cost of educational programs, a District Cost Differential,⁸ and the density of the student population.

FEFP is based on full-time equivalent (FTE) students⁹ and then weighted by cost factors. The weighted FTE number is multiplied by the Base Student Allocation and the District Cost Differential to determine base state and local FEFP funding. To this base funding amount, numerous adjustments, supplements, and contributions are added to provide funding for a number of programs and to adjust for changes in student population and demographics. These include funding for disabled students, remedial instruction, student transportation, and school safety.

Districts have a Minimum Guarantee Adjustment that ensures the district does not experience a significant decrease in funding regardless of changes in student enrollment. In FY2010-11, no district could have a reduction greater than 8 percent from the previous year.

Local Funds

Local support for schools is funded almost exclusively from property taxes levied by every county, each of which constitutes a school district. Each district's required local effort (RLE) of funding is deducted from FEFP dollars, and the local effort amount is required in order for the district to participate in FEFP funding. For the current FEFP calculation, each district's contribution for the required local effort is the product of mills (property taxes collected annually as a percentage of each \$1000 the property is assessed at) multiplied by 96 percent of the taxable value for school purposes of the district, derived from the most recent tax roll from the state Department of Revenue. The amount produced by the average computed required local effort millage rate of 5.446 to the certified tax roll is adjusted by an equalization factor for each district in order to offset variations among districts in the value of property.

A millage rate is calculated based on the deviation of each district from this average assessment level. The millage rate resulting from the use of this equalization is added to the average required local effort millage. The sum of these two rates is the required local effort millage for school districts.

For FY2011-12, the maximum rate for operational funding is set by the state at .748 mills and the maximum rate for capital outlay and maintenance funds is 1.5 mills. Between these two rates, the total may not exceed 2.5 mills. Additional millage rates can be approved through voter referendum, and if they desire, school boards can directly share a portion of the additional funds beyond the RLE mandated by the state with charter schools within the district, but they are not required to.

State Categorical Funds

State categorical program funds are allocations earmarked for certain programs and initiatives that can be used solely for the specific purposes of those programs or initiatives. These funds are part of the total state funds for public school operations, and are allocated in addition to FEFP funds. In FY2010-11, the Legislature appropriated \$129.9 million for the District Lottery and School Recognition Program, and \$2.9 billion for Class Size Reduction. For FY2011-12, only Class Size Reduction funding remains. If class size requirements have been met, the school district may use those funds for other operational expenses, particularly for increasing teacher compensation.

Capital Funding

The state program for funding capital projects for PreK-12 schools, community colleges, and the state university system, known as the Public Capital Outlay and Debt Service Program (PECO), is funded by a gross receipts tax on utilities and communication services. An appropriation from PECO comprises Charter School Capital Outlay Funding. These funds can be used for the purchase and lease of real property, as well as the construction, repair, renovation, and maintenance of school facilities. Locally, school board districts can use a variety of property millage to raise revenues for the purposes of capital outlay and improvement. Additionally, the local boards can also levy a sales surtax of one-half percent to fund capital outlays, if the surtax is approved by referendum of the district voters.

SECTION 3: FUNDING DIFFERENCES BETWEEN CHARTER AND TRADITIONAL SCHOOLS

In order to estimate any possible discrepancies in funding, Florida TaxWatch analyzed data from a number of Florida counties that contain large numbers of charter schools. Using these districts' comparable funding as a proxy for statewide funding, this analysis will provide an understanding of the total funding given to district and charter schools within these districts and any funding equalities that exist between the two types of public schools. Federal funding sources, which charter schools only receive from the district board in their community (like with optional local funds), are generally not analyzed in this report, but the funding differential could be even larger if these funds were analyzed.

Florida Education Finance Program Funding

As the primary source of state funding dollars, the FEFP formula allocates the vast majority of operational funding for charter schools. School districts can withhold up to 5 percent of FEFP operational funding for fees for administrative services, including data reporting, information services, and teacher certification. This fee can only be withheld for either the first 250 or 500 students, depending on management and population criteria. However, charter schools that meet the conditions to be a "high-performing" charter school are only assessed a fee of 2 percent. In practice, total withholding for this fee by the traditional school districts rarely reaches 5 percent of total FEFP funds. Statewide in 2011-12, of the charter school's total FEFP allocation, just 2.35 percent of total FEFP is withheld by school districts as part of this fee. Absent this fee, FEFP funding between charter and district schools should be identical, unless the charter schools has no reading plan, a program the schools can opt out of.

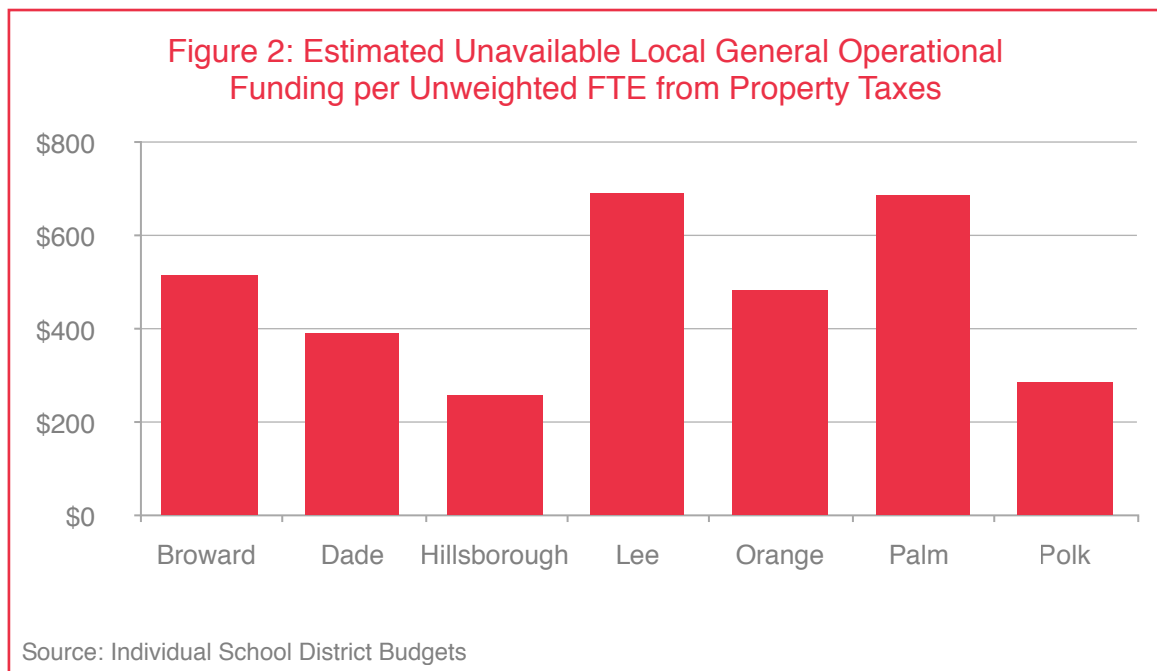
In the 2011-12 school year, the operational funding gap (between charter schools and traditional district schools) will increase over the previous year due to the legislative changes to state employee retirement benefits. Specifically, a 2011 law requires that all state employees in the Florida Retirement System (FRS), which includes nearly all traditional school district employees but almost no charter school employees, contribute to their pensions by paying 3 percent of their salaries back to the state; however, in the first year only (2011-12 school year) the law allows school districts to keep and use the 3 percent savings from reductions in employer contributions to the FRS to cover operating costs. Since charter schools do not benefit from the 3 percent cost reduction, the charter schools are harder hit by the funding cuts. Estimates for the 2011-12 school year are a reduction of 1.25 percent per unweighted FTE in district schools, but a reduction of 4.75 percent for charter schools.

Local Funding

The required local effort funds a significant portion of total per student funding however, districts generally allocate additional local millage or optional sales tax funds for education, and funding from these optional local sources is mostly absent for charter schools in Florida. Though districts have the option to fund charter schools with local

sales and property tax dollars beyond the required local effort mandated by FEFP, very little of this optional funding is passed from school districts to charter schools.

The following graph¹⁰ provides an estimate of the general operational revenues from discretionary local millage levies that are not available to charter school in the counties with the seven largest charter school student populations. This funding differential is substantial – up to 10 percent of FEFP funding – and these amounts can constitute a sizeable share of money when multiplied over tens of thousands of students. Although efforts have been made to mandate that districts attempt to equalize funding by requiring districts to share local millage, no such legislative changes have succeeded.



Capital Outlay Funding

Charter schools were originally intended not to receive any capital outlay funds, but legislation passed giving public charter schools access to capital outlay funds in 1998. Under certain criteria, charter schools are qualified to receive capital outlay funding from PECO. In order to qualify for this state capital outlay funding, the charter school must be financially stable, meet state accountability standards for student achievement, received approval for operation during the year from their sponsor, and utilize facilities that are not provided by the sponsor. Additionally, the charter school must meet at least one of the following criteria:

1. Been in operation for three or more years,
2. Be governed by governing board that has been established for at least three years, and operates both charter and conversion schools in the state,
3. Be a feeder chain of a charter school, within the same district, that currently receives capital outlay funds,
4. Be accredited by the Southern Association of Colleges and Schools, or
5. Utilize facilities provided by a business partner for a charter school-in-the-workplace.

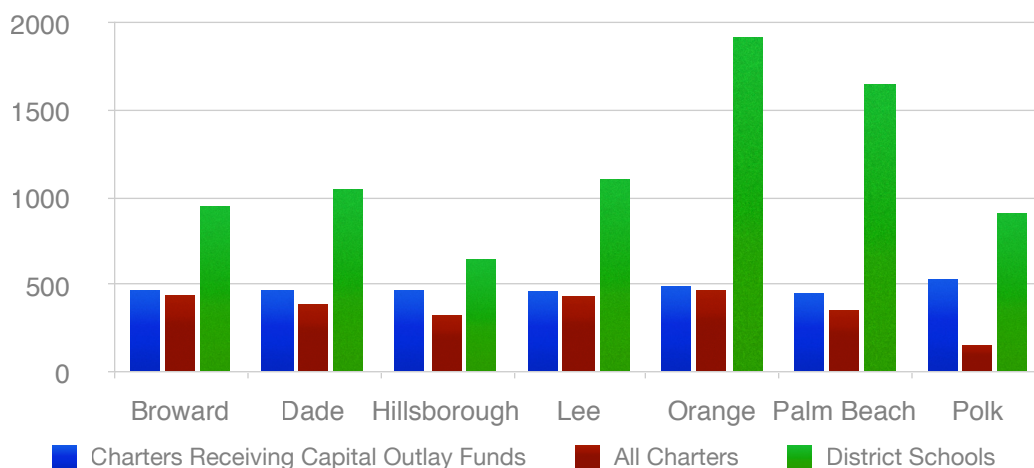
Funds are allocated first to schools that received funding in FY2005-06, and then distributed among the rest of the eligible schools, a method that gives priority to longer established charter schools.¹¹ In FY2010-11, the state appropriated \$56.1 million in capital outlay (PECO) funding to 302 charter schools. Estimated FY2011-12 state capital outlay spending for charter schools is \$55.2 million.¹² Additionally, as mentioned above, schools districts may levy property taxes (a maximum of 1.5 mills) in order to provide capital funding, and charter schools may receive a portion of those proceeds if the school district board decides to fund the charter schools, but the boards have no obligation to do so.

Alternatively, under state law any traditional district school that is converted into a charter school may use the facility at no cost to the charter schools, as long as the charter school and the district board have entered into a mutual management plan. The school district is required to maintain the charter school facilities in the same way as any other traditional schools in the district. However, these charter schools are not eligible to receive capital outlay funds.¹³ Currently, 20 of these schools exist throughout the state in 12 different districts, of which 9 districts use expenditures to support the facilities. Statewide, these facilities have a market value of approximately \$220 million, and bring in about \$1.5 million in annual rent from the leasing charter school. Of the \$4.9 million in charter school related expenses reported by those 9 districts, the largest expenditures are debt service (52 percent) and maintenance and repair (39 percent).¹⁴ If a charter is either terminated or not renewed, any unencumbered public funds held by the charter school return to the district school board, and all district property and improvements, furnishings, and equipment purchased with public funds become the property of the district school board.¹⁵

Among charter schools that are eligible for capital outlay funding, they receive, on average, about 40 percent of what district schools do. Among all charter schools, the charter schools receive just 31 percent of traditional district schools receive.¹⁶ The majority of the difference in funding is caused by the exclusion of charter schools in the distribution of state capital outlays and improvement revenues generated by millage levies. All seven districts examined in this paper levy a Discretionary Local Capital Improvement levy between 1.25 and 1.5 mills (the state average is 1.3558 mills), and two levy an additional Discretionary Capital Outlay levy.

During the 2011-12 school year, only three districts will choose to share revenue from the Discretionary Capital Improvement Millage revenue. Just Franklin (\$93,400), Sarasota (42,045,921), and Sumter (\$1,840,414) will allocate capital improvement funds to charter schools. Of this funding, nearly 62 percent will be used for lease-rentals, and just 11 percent will go towards new construction. In the past, Bay and Indian River were the only other counties to share this revenue.¹⁷

Figure 3: Capital Outlay Funding Per Student



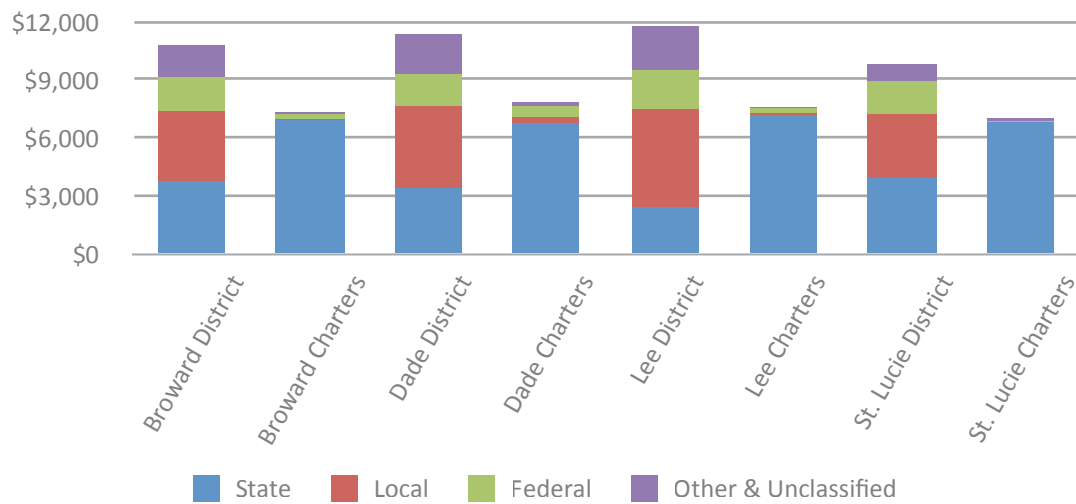
Source: Florida Department of Education Data

Total Funding Comparisons in Select Counties

The following chart compares total funding levels between charter and traditional schools by breaking down the combined government revenue sources (for the general fund, as well as the numerous special funds, such as food service, ARRA stimulus funds, and debt service) of four districts on a per FTE basis to a similar averaged figure from a number of charter schools located in those districts. It must be noted that districts undertake many roles and serve some populations that charter schools do not, and thus may receive additional funding that is not passed on to charter schools. Additionally, a number of charter schools do not offer certain services, like free and reduced price lunches, for which districts receive funding. Furthermore, charter schools tend to be comprised primarily of elementary and middle schools, creating an unbalanced student population that makes comparison imperfect.

This analysis shows a discrepancy in revenues between charter schools and districts per student - such that charter schools receive between 68 and 71 percent of the revenues that districts do on a per FTE basis.

Figure 4: District Funding (General and Special Funds) and Charter Revenues from Government Sources per Unweighted FTE



Source: Department of Education Data, see footnote xix.

Overall, the above chart¹⁸ shows that charter school state revenue in these districts is comparable to combined state and local revenue for the entire district, but the primary funding discrepancy appears to come from federal and other or unclassified sources.

Funding Differential Conclusions

The absence of equitable local funding for both operational and capital purposes creates a significant financial disadvantage for Florida charter schools. Charter schools may receive just 68 to 71 of what districts receive per FTE. Revenue from millage levies makes up a significant portion of per student funding dollars, which charter schools do not have full access to.

Federal funding sources are not directly included in this paper's analysis, as they are not local or state policy, but their impact on the funding differential, could be quite large. However, a significant portion of federal funding is passed down to charter schools through districts in the form of services, rather than money.

Previously conducted research generally confirms the funding inequity found in this analysis. A 2010 national study from Ball State University, *Charter School Funding: Inequity Persists*, examined differences in funding for charter and traditional district schools in every applicable state. The study looked at state and local funding, with an emphasis on the Miami-Dade and Broward school districts during FY2006-07. Overall, charter schools received an average of 25.3 percent less per student than district schools.¹⁹ Within the Miami-Dade and Broward districts, charter school funding trailed traditional district schools by about 27 percent. The study found that typically charter schools received a larger portion of their total funding from state sources than traditional district schools, indicating a lack of equitable access to local funding sources.

Likewise, a recent study of local districts by the U.S. Department of Education, *Revenues and Expenditures for Public Elementary and Secondary School Districts: School Year 2008-09 (Fiscal Year 2009)*, compares statistical funding measures of traditional and charter schools throughout the country. Though the study does attempt to directly compare charter and district school funding, such a comparison was not made in Florida because it has no independent charter districts. The study identifies Florida's median current (as of 2009) expenditure per pupil as \$8,690.

SECTION 4: CHARTER SCHOOL FUNDING IN OTHER STATES

As of 2009, 41 states, as well as Washington, D.C., have legally authorized some form of charter schools. Nationwide, over two million students attend charter schools. California currently has the largest number of charter schools in the country, with Arizona, Florida, Ohio, and Texas following in respective order.²⁰ State funding methods vary, providing comparisons to Florida's method.

Louisiana

Louisiana charter school funding is based on a classification system that divides charter schools into five types:

- Type 1: New charters authorized by the local board
- Type 2: New charters authorized by the Board of Elementary and Secondary Education (BESE)
- Type 3: Conversion of an existing school into a charter school by a local board
- Type 4: New charter or conversion agreement between local board and BESE
- Type 5: Pre-existing school transferred to the Recovery School District (RSD)

State level funding is based on the jurisdiction of the schools' prior district (or residency for Type 2 charter schools) Minimum Foundation Program state funding per pupil amount from the most recent formula approved by the Legislature. This method keeps a level of separation between charter schools and traditional district schools, but ensures a generally equal level of state funding. Local revenue funding is calculated utilizing projected ad valorem and sales tax revenue amounts, as the local per student amount is determined by dividing projected local revenues by the total number of students in each district, including charter schools.²¹

The Recovery School District in New Orleans is a special district administered directly by the Louisiana Department of Education. The RSD took control of many New Orleans schools in 2005 in the wake of Hurricane Katrina and the abdication of the local school board, reorganizing a large majority of the schools into independently run charter schools (Type 5). Because of this, New Orleans is the only city in the nation where a majority of students attend charter schools. The RSD district funding is the same for local funds, but has a different funding mechanism for state funding due to more levels of funding for special education students.²²

The state currently has 98 charter schools, with 13 more expected to open next year.²³ In 2010-11, base state funding for charter schools was \$3,855 and combined local and state funding averaged \$10,000 per student.

Nevada

Nevada provides operational funding from the state for their charter schools through a formula similar to FEFP, the “Nevada Plan” and Distributive School Account. Charter schools receive an average \$6,170 per FTE, and receive no state capital outlay funding. However, charter schools operate as their own LEAs, allowing them, unlike Florida charter schools, to independently receive state and federal funds. Nevada charter school teachers are eligible for the state retirement system.²⁴

Texas

Texas charter schools are funded through the Foundation School Program (FSP) which uses a weighted average of daily attendance to determine funding. Charter schools are ineligible to collect local taxes, but are entitled to compensation equitable to what they would have received. Charter schools established before the 2001 school year, known as “resident district” schools, receive funding, of which 30 percent of the funding is based on what the district they are located in would have received per student, and the remaining 70 percent is based on the statewide average cost. Charter schools established after the 2001 cutoff, known as “statewide average” schools, receive funding based solely on the statewide average cost. Charter schools can also receive additional funds for providing transportation and for constructing new facilities. In FY2010-11, Texas charter schools took in approximately \$1.05 billion in this manner.²⁵

California

California charter schools are eligible for funds from five primary sources: a charter school general purpose grant program, a charter school categorical grant program, state categorical and special purpose programs, the state lottery, and federal categorical programs. Funding levels are based on Average Daily Attendance (ADA), a measure of student population.

State law requires districts to provide facilities to charter schools. However, because many districts have ignored this, so the state operates a lease-aid program for charter schools, providing up to \$750 per ADA (up to 75 percent of total facilities costs). However, the state was only able to fund a portion of total entitlements. Additionally, voters, through ballot referendums, have passed a number of bond measures providing several hundred million in charter facility financing. In practice, these funds were underutilized, as the many restrictions and provisions proved impractical for most charter schools.²⁶

SECTION 5: POTENTIAL POLICY OPTIONS

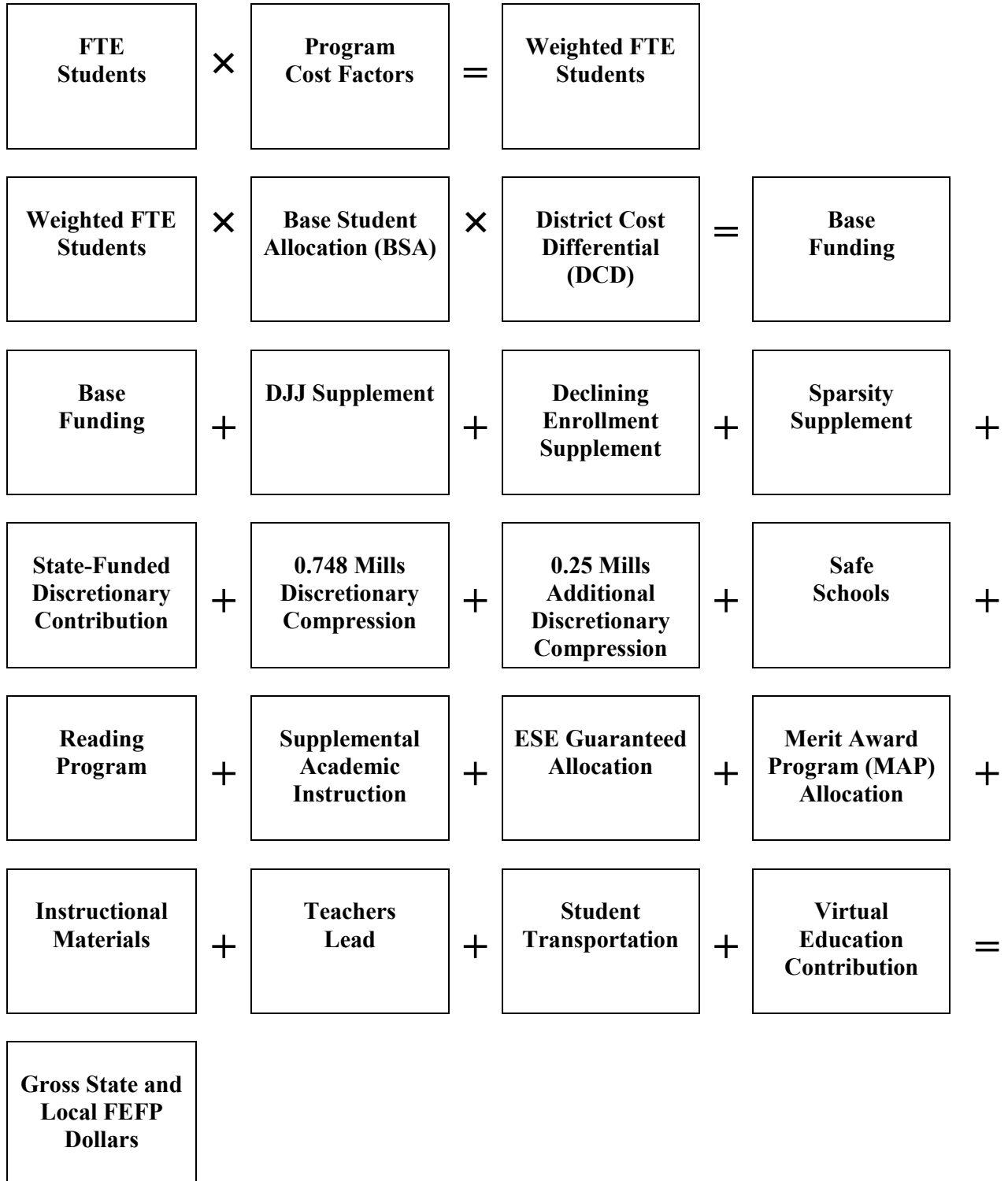
Given the current funding inequity and the growing role of charter schools, there are a number of options the Legislature could consider to ensure that charter schools receive a level of funding more equitable to that of traditional district schools:

- Allowing charter schools to be their own LEAs would remove their dependency on their local district for federal and state funds. Additionally, statutes could ensure that any federal funding received by a district for the benefit of a charter school student is passed on to the charter school serving the student. Absent that, federal funds that are distributed should be allocated and distributed, charter contract language allowing, in a consistent manner across the state.²⁷
- Mandating that charter schools receive equitable per student funding from all local millage levies would guarantee that charter school students receive the same amount of local taxpayer dollars.
- Adjusting FEFP funding, offsetting for lost locally-derived optional operational funding and capital outlay dollars, would provide funding parity for operations without requiring local districts to share funds directly.

APPENDIX 1: FEFP FORMULA

DISTRIBUTING STATE DOLLARS

Overview – The amount of GROSS STATE AND LOCAL FEFP DOLLARS for each school district is determined in the following manner:



The Net State FEFP Allocation for the support of school district education activities is derived from Gross State and Local FEFP Dollars in the following manner:

$$\begin{array}{|c|} \hline \textbf{Gross State and} \\ \textbf{Local FEFP} \\ \textbf{Dollars} \\ \hline \end{array} - \begin{array}{|c|} \hline \textbf{Required} \\ \textbf{Local} \\ \textbf{Effort} \\ \hline \end{array} = \begin{array}{|c|} \hline \textbf{Gross State} \\ \textbf{FEFP} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \textbf{Gross State} \\ \textbf{FEFP} \\ \hline \end{array} + \begin{array}{|c|} \hline \textbf{Adjustments} \\ \hline \end{array} = \begin{array}{|c|} \hline \textbf{Net State} \\ \textbf{FEFP} \\ \textbf{Allocation} \\ \hline \end{array}$$

The Gross State and Local FEFP dollars, less the Required Local Effort, results in the Gross State FEFP. Adjustments, whether positive or negative, are then added to obtain the Net State FEFP Allocation.

The Total State Allocation for the support of school district education activities is derived from the Net State FEFP Allocation in the following manner:

$$\begin{array}{|c|} \hline \textbf{Net State} \\ \textbf{FEFP} \\ \textbf{Allocation} \\ \hline \end{array} + \begin{array}{|c|} \hline \textbf{District} \\ \textbf{Discretionary} \\ \textbf{Lottery Funds} \\ \hline \end{array} + \begin{array}{|c|} \hline \textbf{Categorical} \\ \textbf{Program} \\ \textbf{Funds} \\ \hline \end{array} = \begin{array}{|c|} \hline \textbf{Total} \\ \textbf{State Finance} \\ \textbf{Program} \\ \hline \end{array}$$

Source: Florida Department of Education, Technical Assistance Paper No: 2009-03

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ENDNOTES

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- 9 Schools must provide 720 hours of instruction for grades K-3 and 900 hours for grades 4-12.
- 10 Funding estimates derived from data found in district budgets. Accounts for all current millage levies, excluding *Required Local Effort*, *Required Local Effort Prior Period Adjustment*, and all capital improvement and outlay levies. Assumes a 95% property tax collection rate, and that capital outlay and improvement outlays account for differences in following section.
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- 13 Florida DOE, *Charter Schools – FAQs*, December 23 2011, www.floridaschoolchoice.org/information/charter_schools/faqs.asp
- 14 Florida DOE, *Charter School Report*, January 1 2012, January 18 2012, www.fldoe.org/feftp/pdf/CharterSchoolReport-ch2011-232.pdf

- 15 Section 1013.62, F.S. (2011). Many contracts for charters make this requirement of state law very clear and allow for broad interpretation, an example of which is in a contract from Dade County: If the School's accounting records fail to clearly establish whether a particular asset was purchased with public funds or non-public funds, then it shall be presumed public funds were used and ownership of the asset shall automatically revert to the Sponsor. Property and assets purchased with public funds shall be defined as those goods purchased with grants and funds provided by a governmental entity. Funds provided by the School and used by a management company to purchase property and assets for the School are considered public funds.
- 16 Capital Outlay data provided by Department of Education, Office of Educational Facilities. Charter school allocations and student membership based on an average of Surveys 2 and 3.
- 17 Florida DOE, *Charter School Report*, January 1 2012, January 18 2012, www.fldoe.org/feftp/pdf/CharterSchoolReport-ch2011-232.pdf
- 18 Other and Unspecified Revenues include revenues from interest and financing proceeds, as well as government revenue of indeterminate or mixed sources. District funding estimates taken from 2010-11 District Summary Budgets, and are derived by totaling revenues (excluding transfers between funds and existing prior fund balances) divided by unweighted FTE counts. District numbers comprise all students, including charter school students, so the gap may be higher if charter school students were excluded. Charter school funding estimates taken from an averaged sample of annual charter school financial reports in the four counties, and may not represent the entirety of charter school funding within those respective districts. Funding sources may also be categorized differently between the multiple sources, as charter schools receive their funding from the district, making the determination of what level of government is responsible for what funds inexact.
- 19 Ball State University, *Charter School Funding: Inequality Persists*, May 17, 2010, January 16, 2012, <http://cms.bsue.edu/Academics/CollegesandDepartments/Teachers/Schools/Charter/CharterFunding.aspx>
- 20 National Alliance for Public Charter Schools, Number of Public Charter School Students in U.S. Surpasses Two Million, December 7, 2011, January 16 2012, <http://leavechartersalone.com/2011/number-of-public-charter-school-students-in-u-s-surpasses-two-million/>
- 21 Data from Louisiana Department of Education provided through Charter Schools USA
- 22 Louisiana DOE, Recovery School District, January 12 2012, <http://www.rsdl.net/Home.aspx>
- 23 Louisiana Department of Education, Charter Schools, January 12 2012, <http://www.doe.state.la.us/divisions/charters/>
- 24 Information distributed to Florida TaxWatch via Academica Corp.
- 25 TEC, §12.106; 19 TAC §100.1041; www.tea.state.tx.us/portals.aspx?ekfxmen_noscript=1&id=7574&menu_id=645&ekfxmense=e9f6cb525_645_714
- 26 Charter School Development Center, California Charter School Finance in a Nutshell, April 16, 2011, January 16, 2012, http://www.weebly.com/uploads/4/1/6/1/41611/california_charter_school_finance_in_a_nutshell.pdf
- 27 Federal funding distributed to the charter schools varies across the state. Just 4 districts distribute the funds directly, with the remainder either providing a mix of services and funds, or solely services. Timing and method of determining disbursements (or only reimbursements in 6 districts) also varies from district to district, meaning similar charter schools in different counties may have drastically different access to federal funding.



Florida House of Representatives

Will Weatherford

Representative, District 61
Redistricting Committee, Chair

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November 10, 2011

Mr. Dominic Calabro
President and Chief Executive Officer
Florida TaxWatch
106 North Bronough Street
Tallahassee, Florida 32301

Dear Mr. Calabro:

Charter schools are a rapidly growing education option for Floridians. Since first being approved by the Legislature in 1996, charter schools are serving an ever growing population of students in our state, and there is no reason to believe this development will stall. This growth, on its own, does not necessarily indicate merit. Study and discussion throughout all levels of government and educational institutions is essential to ensure that charter schools are growing and serving students appropriately.

Funding is the lifeblood of our educational system, and understanding how charter schools are funded is a fundamental part of advancing our state's discussion about educational choice. Florida's parents, teachers, elected officials and taxpayers deserve a clear and concise report that succinctly presents how charter schools are given federal, state, and local dollars and how that funding stream compares to traditional schools.

For these reasons, I request that Florida TaxWatch study and report on the following:

1. The structure, management, and growth of charter schools within the state
2. How funding, both for operational and capital improvement purposes, is appropriated and allocated to charter schools
3. What discrepancies and differences in funding, if any, exist between charter and traditional schools
4. How charter schools are funded in other states

This report will do much to further understanding of an expanding section of Florida's education system. I look forward to receiving the results of this needed report.

Sincerely,

A handwritten signature in dark ink, appearing to read "Will Weatherford", is written over a horizontal line.

Will Weatherford
State Representative
District 61

About Florida TaxWatch

Florida TaxWatch is a statewide, nonpartisan, nonprofit, taxpayer research institute and government watchdog that over its 32-year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Its mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies, and programs, and to increase the productivity and accountability of Florida Government.

Florida TaxWatch's research recommends productivity enhancements and explains the statewide impact of economic and tax and spend policies and practices on citizens and businesses. Florida TaxWatch has worked diligently and effectively to help state government shape responsible fiscal and public policy that adds value and benefit to taxpayers.

This diligence has yielded impressive results: in its first two decades alone, policymakers and government employees implemented three-fourths of Florida TaxWatch's cost-saving recommendations, saving the taxpayers of Florida more than \$6.2 billion -- approximately \$1,067 in added value for every Florida family, according to an independent assessment by Florida State University.

Florida TaxWatch has a historical understanding of state government, public policy issues, and the battles fought in the past necessary to structure effective solutions for today and the future. It is the only statewide organization devoted entirely to Florida taxing and spending issues. Its research and recommendations are reported on regularly by the statewide news media.

Supported by voluntary, tax-deductible memberships and grants, Florida TaxWatch is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch bring about a more effective, responsive government that is accountable to the citizens it serves.

Florida TaxWatch is supported by all types of taxpayers -- homeowners, small businesses, large corporations, philanthropic foundations, professionals, associations, labor organizations, retirees -- simply stated, the taxpayers of Florida. The officers, Board of Trustees and members of Florida TaxWatch are respected leaders and citizens from across Florida, committed to improving the health and prosperity of Florida.

With your help, Florida TaxWatch will continue its diligence to make certain your tax investments are fair and beneficial to you, the taxpaying customer, who supports Florida's government. Florida TaxWatch is ever present to ensure that taxes are equitable, not excessive, that their public benefits and costs are weighed, and government agencies are more responsive and productive in the use of your hard-earned tax dollars.

The Florida TaxWatch Board of Trustees is responsible for the general direction and oversight of the research institute and safeguarding the independence of the organization's work. In his capacity as chief executive officer, the president is responsible for formulating and coordinating policies, projects, publications, and selecting professional staff. As an independent research institute and taxpayer watchdog, Florida TaxWatch does not accept money from Florida state and local governments. The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff, distinguished Board of Trustees, or Executive Committee, and are not influenced by the positions of the individuals or organizations who directly or indirectly support the research.

Florida TaxWatch Values

Integrity • Productivity • Accountability • Independence • Quality Research



Improving Taxpayer Value, Citizen Understanding, and Government Accountability

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